



"Rural Rebound"

Business & Industry (B&I) Guaranteed Loan Program

USDA Rural Development-Oregon (RD-Oregon) announces a Business & Industry (B&I) guaranteed loan product to address the "credit squeeze" on Main Street.

Its driving principle is shared benefit – the **lender** refinances existing business portfolio debt reinforced with an 80% Federal guarantee while they simultaneously extend their established **business** borrower at least as much in new financing (again with an 80% guarantee).

No bailout – just good business...

- For rural lenders – Rural Rebound secures a Government guarantee on existing business loans in connection with new prudent lending to their established customers
- For rural businesses – Rural Rebound allows them to secure the new financing they need to position their firm to weather the economic downturn, while rewriting their existing debt on more favorable terms.

Furthermore, Rural Rebound provides **fast-track** B&I loan guarantees to lenders on loans for their established business customers.

FEATURES:

80% B&I guarantees on loans up to \$600,000

Use of loan proceeds – at least a 50/50, shared benefit from the new loan:

- 50+ % of loan is used for **new** credit – working capital, inventory, new equipment, real estate improvements, or refinancing debt not owed to the participating lender
- up to 50% of loan is used to **refinance** the participating lender's existing non-delinquent debt with the business using more favorable rates & terms

Term on new loan – illustrating how a favorable payback may be structured:

Loan Purpose	Collateral for the Loan	Blended Term *
Refinance + Working Capital	Real estate	up to 18 years
Refinance + Working Capital	Equipment	up to 10 years

* Even longer terms are available if the new purpose is to finance M&E or RE improvements

Interest rate on new loan:

Negotiated between lender & business subject only to the following...

- Fixed rate or variable (not more often than quarterly) rate
- Variable rate may be based on any published rate including LIBOR, Prime, etc.
- Interest rate plus term improvement on the refinanced debt must result in reduction in annual debt service cost

A simple, predictable **underwriting** matrix for the lender:

Established repayment ability	Required Collateral	Required post-closing balance sheet equity position
For the past 3 years	Up to 90% LTV	10%
For 2 of last 3 years	Up to 80% LTV	10%
Most recent 12 months only	Up to 70%	10%

Fast-track process:

Lender submits a simplified, "One-Doc" B&I application – 1 form + the lender's credit memo & spreads.
USDA issues approval decision within 3 working days of complete application.

Rural Rebound is a Win-Win-Win solution to the Main Street credit squeeze:

- Business gets the financing it needs for working capital or improvements, plus improved rates/terms for its existing debt, resulting in a strengthened financial position to weather the economic downturn
- Lender gets a Federal guarantee on their existing portfolio while strengthening their established customers and providing them the financing they need. Clear guidelines assure predictable, speedy approvals. B&I guarantees can reduce the bank's capital requirements and may be sold on the secondary market, improving lender liquidity. Capital management + Risk management.
- Rural Oregon gets credit relief for Main Street businesses, bolstering the rural economy.

"Rural Rebound" is just one strategy for employing Rural Development's B&I guaranteed loan program to meet the financing needs of rural businesses. The B&I program continues to offer Federal guarantees on business loans up to \$10 million for all kinds of business lending – real estate, equipment, working capital, refinancing, and transfers of ownership.

More information at: <http://www.rurdev.usda.gov/or/bi.htm> **or contact:**

Portland	Dan Streng	503-414-3366	dan.streng@or.usda.gov
Corvallis	Tom Simonson	541-750-7051	tom.simonson@or.usda.gov
Roseburg	Deanna Quimby	541-673-0136 x120	deanna.quimby@or.usda.gov
Redmond	Curt Dixon	541-923-4358 x125	curt.dixon@or.usda.gov
La Grande	LaDonn McElligott	541-963-4178 x103	ladonn.mcelligott@or.usda.gov
Pendleton	Don Hollis	541-278-8049 x129	don.hollis@or.usda.gov
Portland	Jeff Deiss	503-414-3367	jeff.deiss@or.usda.gov